

SECRET

BIWEEKLY REPORT

SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

EIC-WGR 1/52  
3 February 1958

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

SECRET

208 751

**SECRET**

**WARNING**

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the  
Central Intelligence Agency

**SECRET**

S-E-C-R-E-T

Summary of Events  
17 - 30 January 1958

The announcement on 27 January by a Ceylonese official that the USSR has agreed to provide Ceylon with economic and technical assistance worth about \$21 million was the most significant event affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 17 - 30 January 1958. The assistance will consist of loans payable in 10 to 12 years and will be used for irrigation and power projects and for construction of sugar, textile, and tire factories.

The USSR has offered a loan of \$14 million in convertible foreign exchange to Egypt (repayable from 6 months to 1 year at bankers' interest rates), as well as a \$25-million development credit to Yemen (repayable in 15 years at 2.5-percent interest). The USSR also has offered aid to Pakistan in the form of technical assistance in soil conservation, reclamation, and irrigation. Czechoslovakia is reported to have offered Indonesia machinery and industrial equipment.

25X1 [REDACTED] 25X1  
[REDACTED] 25X1  
25X1 [REDACTED] Soviet instructors are conducting courses in Afghanistan to train Afghan officers in the new weapons received under the Soviet military assistance program.

Two economic agreements involving the Soviet Bloc and underdeveloped countries were signed during this period. A trade agreement between Hungary and Tunisia calls for an exchange of goods valued at \$2.4 million, and an economic and technical assistance pact between the USSR and Egypt stipulates that Egypt will receive Soviet assistance in the mining and petroleum industries, in such light industries as textiles and foodstuffs, and in the construction of chemical, machinery, and electrical equipment plants.

- i -

S-E-C-R-E-T

S-E-C-R-E-T

A request by India for an additional credit of \$31.5 million to cover the cost of certain materials for the Bhilai steel plant has been refused by the USSR. The USSR also refused to grant India a 3-year grace period on payments due on the \$132-million Bhilai loan. Negotiations are continuing, however, and India is still hopeful of getting some financial relief.

Countries of Latin America are continuing to show interest in trade with the Soviet Bloc. Colombia is holding high-level discussions in Bogota with the Soviet Commercial Counsellor from Mexico City. In addition to offers of barter exchanges of wheat, fertilizers, and chemicals for coffee, the Soviet representative has hinted at a range of investment projects. Argentina is continuing to import Polish coal for its state railway, and Cuba is continuing to sell sugar to the USSR. It is also reported that a Cuban firm is selling Brazilian sugar to Communist China.

The Soviet delegate at the Bangkok meeting of the Committee on Trade of the UN Economic Commission for Asia and the Far East offered the underdeveloped countries of these areas credits of up to five years for the purchase of machinery and equipment. He said that the USSR was also willing to study the possibility of signing long-term agreements for the purchase of certain basic export items. Czechoslovak and Hungarian observers at the meeting offered to discuss similar long-term trade agreements.

- ii -

S-E-C-R-E-T

S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. South Asia . . . . .	1
A. Offer of Soviet Aid to Pakistan . . . . .	1
B. Refusal by the USSR of India's Request for Additional Funds for the Bhilai Steel Plant . . . . .	1
C. Afghanistan . . . . .	2
1. Soviet Military Training Programs in Afghanistan . . . . .	2
2. Afghan Interpretation of New Policy Toward Foreign Loans . . . . .	3
D. Ceylonese-Soviet Trade and Economic Agreements . . . . .	3
II. Southeast Asia . . . . .	4
A. Debates in Indonesian Parliament on Soviet Loan Agreement . . . . .	4
B. Czechoslovak Offer of Aid . . . . .	5
III. Middle East and Africa . . . . .	5
A. Soviet Offer to Yemen . . . . .	5
B. Egypt . . . . .	6
1. Soviet Offer of Short-Term Loan to Egypt . . . . .	6
2. Signing of Soviet-Egyptian Economic Assistance Agreement . . . . .	6
C. Analysis of Soviet-Turkish Glass Factory Contract . . . . .	7
D. Tunisian-Hungarian Trade Agreement . . . . .	8

- iii -

S-E-C-R-E-T

S-E-C-R-E-T

	<u>Page</u>
IV. Latin America . . . . .	9
A. Negotiations by Colombia for Soviet Trade . . .	9
B. Argentine Purchases of Coal from Poland . . .	10
C. Purchases of Cuban Sugar by the Soviet Bloc . .	11
V. Sino-Soviet Bloc (Bloc Offers of Credits and Purchase Agreements in ECAFE Meeting) . . . . .	11

- iv -

S-E-C-R-E-T

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010052-3

Next 12 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010052-3